

**ASSESSMENT CODE  
FOR  
VALUATION OF PROPERTIES  
IN  
THE MUNICIPAL CORPORATIONS**

**CENTRE FOR URBAN STUDIES  
INDIAN INSTITUTE OF PUBLIC ADMINISTRATION  
NEW DELHI**

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**INDIAN INSTITUTE OF PUBLIC ADMINISTRATION  
(CENTRE FOR URBAN STUDIES)  
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NEW DELHI 110002 (INDIA)**

## ABBREVIATIONS

|  |           |
|--|-----------|
| Analogous Law                                    | An. L.    |
| All India Report                                 | A.I.R.    |
| Bombay Mpl. Corporation Act., 1888               | Bom.      |
| Bombay Provincial Mpl. Corporation Act, 1949     | Bom. Pro. |
| Calcutta Mpl. Act                                | Cal.      |
| Delhi Mpl. Corporation Act.                      | Del.      |
| General Rates Act of England                     | G.R.A.    |
| Hyderabad Mpl. Corporation Act, 1957             | Hyd.      |
| Madras City Mpl. Corporation                     | Mad.      |
| Madhya Pradesh Mpl. Corporation Act, 1919        | M.P.      |
| Maharashtra Municipalities Act, 1965             | Mah.      |
| Mysore Municipalities Act                        | Mys.      |
| Punjab Mpl. Act 1911                             | P.M.A.    |
| Patna City Mpl. Corporation Act                  | Pat.      |
| Proviso  | Prov.     |
| Rent Control Act                                 | R.C.A.    |
| Section  | S.        |
| Sub-section                                      | S.S.      |
| Supreme-Court Reporter                           | SCR       |
| Uttar Pradesh Nagar Mahapalika Adhiniyam<br>1959 | U.P.      |



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## CHAPTER I

# LEVY OF PROPERTY TAXES

### 1. Power to Levy Property Taxes

(1) Every local authority shall have power, in accordance with the Act, to levy property taxes on the basis of assessment in respect of the yearly value of property in the area under its jurisdiction.

(2) The property taxes include:

- (i) A General tax.
- (ii) Water tax.
- (iii) Conservancy tax and/or Drainage tax.

### NOTES

- (1) This is analogous to sub-section (2) of section 1 of the General Rates Act, 1967 (England).
- (2) *a.* A water tax is usually supplemented by a water rate by measurement. In some places, *e.g.*, Delhi, no water tax is charged from properties paying by meter or number of taps while in most places, water tax is a minimum charge.
- b.* In addition to the above taxes the various municipal Acts mention the following taxes:
- (i) Halal Khor Tax [Bom. 140 (b)].
  - (ii) Scavenging tax (Del. 114).
  - (iii) Fire (Del. 114).
  - (iv) Lighting [Pat. 123(d); Mad. 98; MP 132(2); Ass. 68(c); Ben. 123; Mys. 61x].
  - (v) Latrine [Pat. 123(c); M.P. 132(i); Ass. 68(d)].
  - (vi) General Sanitary Cess [M.P. 132(i); Mys. 61 (viii)].
  - (vii) Special Sanitary Cess [Mah. 108; Mys. 61(vii)].
  - (viii) Sewer Tax.
- (i), (ii), (v), (vii) and (viii) are covered by conservancy and drainage taxes. It is desirable that there should be uniform nomenclature. Instead of having separate fire tax or lighting tax it may be better to merge them with General tax as there are general services provided for the entire municipal area.

## 2. Levy of General Tax & Exemptions

(1) General Tax shall be levied on all lands and buildings situated within the area under the jurisdiction of the local authority except those exempted under clause (2).

(2) The following lands and buildings shall be exempt from payment of the general tax:

(a) Lands and buildings or portions thereof exclusively used as place of public religious worship, such as temple, a church, mosque, a gurdwara or a math, including a hall or similar building used in connection with any such place of public religious worship and so used for the purposes of the organisation responsible for the conduct of public religious worship in that place.

(b) Lands or buildings or portions thereof occupied and used by a society or body exclusively for any educational or charitable and philanthropic purposes in no way yielding any profit, whatsoever.

(c) Property the annual value of which does not exceed the amount fixed by the local authority in this behalf but in no case exceeding Rs. 100 for all the properties vesting in a single owner within the municipal limits.

(d) Any other class of land and buildings that the local authority may exempt with prior sanction of Government provided that:

- (i) A political purpose shall not be treated as a charitable purpose;
- (ii) A portion of land or building in respect of which rent is derived or in which a trade or business is carried on shall not be exempt even though the rent or the profits of trade or business may be applied solely to religious or charitable purpose.
- (iii) Land or building or a portion thereof belonging to any institution occupied by an employee of the institution or any other person for residential purposes shall not be exempted from payment of tax.
- (iv) The society or body claiming exemption for its land or building must be supported wholly or in part by voluntary contributions and apply its income in promoting charitable objects and must not pay any dividend or bonus or any other benefit to its members.

- (v) The institutions in respect of which exemption from tax may be given must have been recognised by the Central or State Governments or by the local authority as a charitable institution.
- (vi) A property exempted from payment of general tax under this sub-section shall cease to be so exempted when there is a change in the use or occupation of the property or when the condition under which the exemption was granted cease to exist.
- (vii) Where any portion of any land or building is exempt from tax, such portion shall be deemed to be a separate property for purposes of municipal taxation.

#### NOTES

*Analogous Law:*

2(2)(a)&(b) Bom. 143(1)(a) Eng. G.R.A. Sec. 39.

Delhi 115(4)(a)

Cal.

Mad. 101(a)

2(2)(b) 'Body' or Society' Del. 115(4)(a)

'Orphanage' Mad. 101(c)

Place for 'destitutes' Mad. 101(c)

Place for 'animals' Mad. 101(c)

For the 'aged and fallen women' Mad 101(c)

For 'Deaf & dumb' Mad. 101(c).

Dharamshalas Mad 101(b).

'philanthropic' Mad. 101(c)

2(2)(c) Del. 114; Mad. 101(i); U.P. 177 (e).

### 3. Rate of General Tax

(1) The rate of general tax shall be determined by the local authority each year by the 15th of February for the next ensuing year, commencing from 1st of April.

(2) The rate of tax shall not be less than ten per cent and not than thirty per cent of the rateable value of lands and buildings.

(3) The rates of general tax fixed by the local authority may be proportionate to the value of each building or land, or may advance in systematic progression with the value of building or land.

(4) The rates of general tax in respect of lands or buildings or portions thereof in which any particular class of trade or business

is carried on may be fixed higher than the rates for other lands or buildings by an amount not exceeding one half of the rate so fixed.

(5) Except in the year in which it is decided by a local authority for the first time to levy rates on a graduated scale under sub-section (3) or to levy higher rates on certain lands and buildings under sub-section (4), the rates of general tax shall not be raised by more than 25 per cent in any year for the next following year.

(6) The rates of general tax shall not be reduced without the sanction of the State Government or by more than 2 per cent in any year.

(7) Where any portion of land or building is liable to higher rate of general tax under the provisions of sub-section (4), such portion shall be deemed to be separate property for purpose of municipal taxation.

*Analogous Law & Rates:*

- 3(1) Del. ; Bom 128; Bom Pro 99; U.P. 148
- 3(2) Del. 114(d) (i); Bom 140(c); Mad. 99(2) Prov.
- 3(3) Del. 114(d) Prov(2); Bom Prov. 129(c); Mad. 102
- 3(4) Del. 114(d) Prov.(i); Bom. Prov. 129 Prov.
- 3(5) (New) To avoid sudden increase in the rate of tax.
- 3(6) (New) to place restrictions on the lowering of rates which might be attempted in the exercise of discretion given to fix rates of taxes.
- 3(7) Del. 114(d) Explanation; Bom Prov. 129 Explanation.

#### 4. Levy of Water Tax

(1) Water tax shall be levied only in such areas under the jurisdiction of the local authority in which water mains have been laid and other arrangements have been made for a reasonable supply of filtered water from municipal water works.

(2) When such arrangements have been made for the first time in any area the Commissioner shall issue a public notice to this effect defining the limits of the area and giving the date from which the arrangements have been or will be put into commission, and the tax shall thereupon be leviable on all lands and buildings situated wholly or partially within the area with effect from the date specified in the said notice.

(3) Water tax shall also be leviable in respect of any premises which are connected by means of communication pipes with municipal water supply, even though such premises may be outside the area notified under sub-section (2) of this section.

(4) Notwithstanding anything contained in the public notice issued under sub-section (2), Water Tax shall not be leviable in respect of any premises no part of which lies within a radius of 200 metres from the nearest municipal water main if no water connection is taken in the premises from the said mains.

(5) The Commissioner shall on application by the owner or occupier of any building, situated within an area notified under sub-section (2) of this section, arrange subject to such terms and water rates as may be laid down and in accordance with the by-laws to give a water connection thereto for domestic consumption and use.

(6) The Commissioner may supply water for any purpose other than domestic consumption and use on receiving a written application, on payment of such charges and subject to such conditions as may be laid down by the local authority in this behalf.

The Commissioner may refuse to sanction such a connection if in his opinion sufficient water is not available for such use.

*Analogous Law:*

- 4(1) Bom. 141(b)  
 4(2) Bom. 141(b) amplified  
 4(3) Bom. 141(a)  
 4(4) Bombay & Delhi Acts do not prescribe any maximum distance upto which buildings may be included in an area notified for Water Tax. This leaves scope for arbitrary and unreasonable action.  
 Under the byelaws framed under U.P. Act generally 600 ft. distance is prescribed. So this has been put as the maximum limit (see U.P. 175).  
 4(5) U.P. 269 and 271 (2) (5)  
 Mad. 169 (with slight modification. The giving of water connection in a notified area has been made compulsory for domestic use. A landlord can be compelled to take water connection for such use vide Mad. 169(2); Del. Bom. 271(2), 274;  
 There is also a contract with water connection desired for non-domestic use. It is optional for the Commissioner to allow or not to allow such a connection vide Mad. 170 Del.  
 4(6) Mad. 170 Del.

## 5. Rate of Water Tax

Water Tax shall be levied at such percentage of rateable value of lands and buildings as the local authority may deem reasonable

for providing an adequate supply of wholesome water for the residents of the area within its jurisdiction.

*Analogous Law:*

5 Bom. 140(a); Del 114(i) (a)

## 6. Levy of Water Charges

(1) A local authority may levy water rates or charges on the basis of quantity of water supplied to any lands or buildings.

(2) The quantity of water consumed shall be ascertained by meter measurement. If the meter be out of order during any period the quantity of water supplied may be estimated for that period on the basis of meter readings for the past periods and other relevant facts such as seasonal variations, according to the directions that may be issued by the local authority in this behalf.

(3) The local authority shall lay down the rates at which charges are to be made for the supply of water by measurement. In doing so, it shall be lawful for the local authority to prescribe different rates for different uses of water and to vary the rates from year to year.

(4) In case of water connections fitted to dwelling houses for purely domestic use of water, the local authority may lay down a schedule of annual charges for water connections based on the following factors:

- (i) Size of the water service connection;
- (ii) Number of water taps;
- (iii) Number of tenements served by the water connection.

(5) Water tax shall be deemed to be a minimum charge on any land or building in respect of which charges for the supply of water are levied under this section, and allowance given where the water charges exceed the water tax.

(6) Arrears of water charges levied under this section shall be recoverable in the same manner as arrears of water tax.

### NOTES

6(1) Bom. 169 Del. 117

6(2) Bom. 169 Del. 117 (subject to modification)

6(3) Bom. 169 Del. 117

6(4) This is based on the practice that prevailed in the erstwhile Delhi Municipal Committee as is also supported by the provisions of

section 134 of the Bombay Provincial Municipal Corporation Act, 1949.

On the formation of the Corporation, this practice was challenged in a court of law on the ground that it was not recognized by the Corporation Act.

The practice is still in vogue in the Delhi Municipal Corporation and is desirable as it simplified the work in case of large number of unmetered water connections. Hence provided.

6(9) 6(5)—as per U.P. Corporations Bom. 169(3); Del. 117(3).

## 7. Levy of Conservancy Tax

(1) Conservancy and/or Drainage Tax shall be levied in such areas under the jurisdiction of the local authority in which collection, removal and disposal of all filth and polluted matter from privies, urinals and cesspools of private residences is undertaken by municipal agency or sewerage facilities are provided.

(2) When the local authority decides to undertake the service mentioned in sub-section (a) of this section, or has laid sewers, the Commissioner shall issue a public notice to this effect defining the limits of the area and giving the date from which such services will be provided, and the tax shall thereupon be leviable, save as hereinafter provided, in respect of all lands and buildings situated wholly or partly within the area so defined with effect from the date of taking over the service or provision of facilities for connection to municipal drains.

### NOTES

7(1) Bom. Pro. 131(1)(a); Bom. 142(1)(a); Del. 115(2)(b);  
U.P. 173(1)(d);

7(2) Bom. Pro. 131(1)(a); Bom. 142(1)(a); Del. 115(2)(b).

7(3) (1) Bom. Pro. 131(b) Prov. Bom. 142(2) Del. 115(2)(b) Prov. In Delhi, Bombay Corporation and Bombay Provincial Corporation Acts, Drainage and Conservancy Taxes have been mixed up. In Delhi it is scavenging tax [sec. 115(2)]; in Bombay Corporation it is Halalkhor Tax (s. 142); in Bombay Provincial Corporation Act. It is Conservancy Tax (s. 131).

The U.P. Nagar Mahapalika Adhiniyam allows both drainage tax and Conservancy Tax [s. 173(1)(c) & (d)].

## 8. Rates of Conservancy Tax

(1) Conservancy/drainage tax shall be levied at such percentage



of rateable value of lands and buildings as would in the opinion of the local authority, suffice to provide for such services.

(2) The local authority may, fix the rate of conservancy tax to be paid in respect of any hotel, club or other large premises at such higher rates as it thinks fit either generally or in any particular case, whether the service be performed by scavengers or by substituted means or appliances.

*Analogous Law:*

8(1) Bom. 140(b); Del. 114(1)(b) (no limit).

8(2) Bom. 172(1); Del. 118(1).

## CHAPTER II

# VALUATION OF PROPERTIES

### 9. Definition of Annual Values

The annual value of lands and buildings shall be deemed to be the gross annual rent at which they may at the time of assessment reasonably be expected to let from year to year less, in the case of buildings an allowance of ten per cent of that portion of such rent as is attributable to the buildings alone, (apart from their sites and the adjacent lands occupied as appurtenances thereto) for Cost of Repairs, insurance and for all other expenses necessary to maintain the building in a state to command such rent.<sup>1</sup>

Provided that the annual value of lands and buildings shall be determined in accordance with the provisions set out hereinafter; and the value so determined shall be deemed to be reasonable for the purposes of assessment of municipal property taxes, notwithstanding anything contained in this Act or in any other Act for the time being in force.<sup>2</sup>

### 10. Gross and Net Annual Value

The annual rent paid for a land or building or the annual rent as determined under the provisions of this Act, without allowing a deduction on account of repairs, where such deduction is admissible, shall be the gross annual value of lands and buildings. The net annual value shall be determined after deducting the amount admissible under Section 9 from such gross value.

Provided that the annual value determined as a percentage of the Capital Value of land or building shall be the net annual

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<sup>1</sup>Based on S. 154(1) Bom; s. 116(1) Del. s. 100(1) & (2) Mad. S. 168(1) Cal.

<sup>2</sup>The Delhi Municipal Corporation Act envisages the framing of detailed bye-laws on the subject [Del. s. 52(4)].

value of such land and building. Property taxes shall be levied on the basis of net annual value.

### 11. Unit of Assessment

(1) Every building shall be assessed together with its site and appurtenant land (unless the owner of the building is different from the owner of the land).<sup>3</sup>

(2) Where two or more properties are within the same curtilage or on the same foundations or contiguous and are owned by the same owner or co-owners as individual property they are to be treated as one unit for purposes of assessment.<sup>4</sup>

(3) Katras, Bustees, Ahatas, Cheries or groups of compact properties owned by the same owner or co-owners as undivided property are also to be treated as one unit,<sup>5</sup> provided that:

- (i) in case of properties belonging to the Central or State Governments, Housing Boards, Development Authorities or other Statutory bodies and consisting of several flats, tenements or quarters, each meant to be given a long lease exceeding 30 years to one lessee be treated as separate units.<sup>6</sup>
- (ii) Portions of buildings and lands used for entirely different purposes such as commercial and religious and assessable to different rates of tax on that account, shall also be treated as separate units.<sup>7</sup>

### 12. Assessment of Properties on Controlled Rents

In cases in which the rent of a property has been fixed in accordance with the provisions of an Act of the Central or State Legislature for the time being in force in the area concerned, the rent so fixed by the court or competent authority shall be deemed to be the gross annual rent of that property and the annual value shall be determined accordingly.<sup>8</sup>

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<sup>3</sup>An L. (1) & (2).

<sup>4</sup>S. 100 (1) Mad.

<sup>5</sup>New.

<sup>6</sup>New.

<sup>7</sup>S. 144. Del.

<sup>8</sup>S. 168(1) Prov. Cal.; S. 116(1) Prov. Del.

Provided that the actual rent being paid by the tenant, or in the event of its being sub-let, by the sub-tenants, shall be deemed to be the gross annual value of the building or land or portions thereof, if such actual rent is higher than the controlled rent, for any reason, whatsoever.

Provided further that nothing contained in this Section shall affect the liability of any person to be assessed on the basis of actual rent even though collected in contravention of any law for the time being in force, or otherwise absolve him of any liability under such enactment.

### **13. Assessment of Properties on Agreed Rents**

In cases in which rent of lands or buildings is being paid at an amount agreed to mutually the amount of annual rent being actually paid shall be taken to be the gross annual rent and the annual value shall be determined accordingly.<sup>9</sup>

Provided that such gross annual rent will, in the event of the building and land or any portion thereof being sub-let, include the rent paid by the sub-tenant to the next immediately superior lessee.

Provided that the rent declared to be agreed rent, may not be accepted as such and the commissioner may determine the reasonable rent under other provisions of this Act, if

- (i) Regular monthly written receipts are not produced by the lessor;
- (ii) the tenant or sub-tenant is a relative or employee or business partner of the lessor;
- (iii) the declared rent is lower than the reasonable rent as determined under section 14;
- (iv) there is any other reason to believe that the declared rent is concessional or collusive.

### **14. Assessment of Other Rented Properties**

The gross annual rent of properties which are on rent but the rent of which is either not known or is not accepted as declared, shall be determined on the basis of comparison with other similar

<sup>9</sup>An L. 174 U.P., Mah. S. 114(1).

rented properties in the same locality making due allowance for differences in dimensions and other features affecting rents.<sup>10</sup>

### 15. Assessment of Self-occupied Dwelling Houses

(1) The assessment of owner-occupied dwelling houses shall be made on the basis of comparison with similar houses in the same locality due allowance being made for differences in age, dimensions and other factors affecting rents.

(2) If there be no similar houses or properties for comparison or if the house or property is a big mansion, its gross rental may be determined not less than seven per cent of the capital value of the property which may be ascertained by finding out the estimated cost of construction of the building at the time of assessment, deducting therefrom a reasonable amount on account of depreciation and adding to it the present market value of the land valued with the building as part of the same premises.<sup>11</sup>

### 16. Assessment of Special Properties

Special types of premises as are not ordinarily let in the manner described in Section 15 above.<sup>12</sup> Such properties may include: educational and medical institutions other than those exempted as charitable institutions, administrative offices of Central and State Governments, Jail, Court buildings, police stations, fire stations, swimming pools, museums, old peoples homes; stadia and cricket grounds buildings of Water Supply and Sewage authorities, Electric Supply Undertakings, Public Transport Authority, Milk Supply Undertakings; Arts and Crafts Societies, Exhibition halls and such other buildings.

<sup>10</sup>This is comparative method which has been recognised by the Supreme Court of India in a number of cases, viz., *Lokmanager Mills Vs. Barsi Borough Municipality* 1962 ISCR 306; *New Mamak Chowk Spinning and Mftg. Co. Vs. Corporation of Ahmedabad*; 1967 2 SCR 679 *Century Spinning and Manufacturing Co. Vs. District Municipality Ulhas Nagar* 1968 2 SCR 211; *Godhara Borough Municipality Vs. Godhara Electric Supply Company* 1968 3 SCR 481.

<sup>11</sup>Cal. S. 168(3)

This is "Contractor's method" recognized by the Supreme Court of India as per rulings cited in the note below section 6.

<sup>12</sup>An L.S. 168 (3) Cal. S. 174(1) U.P.

## 17. Assessment of Industrial and Commercial Premises

Factories and hotels etc. which are owner-occupied may be assessed on the basis of capital value in the manner given in Section 15 above, provided that in case of such privately owned premises the gross annual value shall not be less than such percentage of the capital cost as may be prescribed for such premises in the relevant rent Act for the time being in force in the area concerned.<sup>13</sup>

## 18. Assessment of Places of Entertainment

(1) In the case of a building or part thereof used as a public cinema house or theatre or other similar place of public resort or recreation or amusement, the gross annual rent of such building or part of the building, as the case may be, shall be deemed to be seven and half per cent of the gross annual receipts from sale of admission tickets, and display of cinema slides after excluding entertainment taxes on the sale of such tickets, and display of slides.<sup>14</sup>

(2) In case any portion of the aforesaid premises is given out on rent as restaurant or as cycle stand or for any other purpose or any hoardings or advertisements are displayed on the premises on behalf of other parties on payment of rent or fee, the full amount of annual rent for such rented portion of the premises and the amount of annual income from such advertisements shall be added to the amount as determined under sub-clause (i) above to arrive at the total gross annual rent of the building.

## 19. Assessment of Buildings on Subsidized Rents

(1) In the case of a building owned by Central or State

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<sup>13</sup>New.

<sup>14</sup>Cal. S. 168(4)(i).

*Note:* In the Calcutta Act only  $7\frac{1}{2}$  per cent of the amount of income from rents and advertisements is taken as gross annual rent. Ordinarily 100 per cent of income from rents is taken as gross annual rent. Similarly income from advertisements is in fact income from rent of hoardings displayed and so there is no reason why the full amount of income from these sources should not be added to the gross annual rent of the building. The provisions of Calcutta Municipal Act have, therefore, been adopted with the modification.

Government or by a Housing Board or a Development Authority or Improvement Trust or other similar body constituted by law for the time being in force, as part of a scheme recognised by State or Central Government as a subsidized housing scheme for industrial workers, or slum-evictees or persons belonging to lower income groups or poorer classes, the actual rent charged by the owning authority for such tenements and not the reasonable rent for the same, shall be the measure of annual value of such buildings.<sup>15</sup>

(2) In case any tenement or portion of such building or buildings is let out to or occupied with or without permission by persons other than the original or authorised allottee from amongst the categories specified under sub-section 1 above, or it is sublet to any person whatsoever, the annual value shall be determined on the basis of provisions of this Act.

(3) In case the tenements are sold out or transferred or leased on hire purchase basis or otherwise to the allottees, the said tenements shall cease to be assessed on the basis of subsidized rents with effect from the date such tenements stand so transferred or leased, and shall thence onward be assessed on the basis of reasonable rent.

## **20. Assessment of Properties in Colonies for Special Categories**

(1) In case of colonies developed by any of the authorities mentioned in Section 19 for slum evictees, weaker sections of the society, lower income groups or poorer classes in which unbuilt or partially built upon plots are allotted to the said categories in accordance with a scheme recognised by the State or Central Government, on subsidized or concessional price, such concessional price shall be taken into consideration in fixing the annual value of the premises, and not the market price of the land or building thereon, if any, for so long as the said plot or building remains in possession of the original allottee.

(2) If any portions of such plots or buildings are given on rent then the income from such rents shall be taken into account in fixing the rateable value of such lands and buildings.

(3) If such land or building is sold out or otherwise transferred

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<sup>15</sup>An L. Bom. S. 154(3).

by the allottee to a third party, the land or building shall be assessable on the basis of reasonable rents with effect from the date of such sale or transfer.

## **21. Assessment of Vacant Lands**

The gross annual rental of any land which is not built upon but is capable of being built upon and of any land on which a building is in the process of erection shall not be less than five per cent of the estimated market value of such land at the time of assessment.<sup>16</sup>

## **22. Assessment of Land Acquired for Housing by Statutory Bodies**

(1) The annual value of any land or building acquired by an Improvement Trust, Development Authority, Housing Board or such other Statutory authority or by the State or Central Government for purposes of a scheme recognised by the State Government for housing shall not be less than 5 per cent of the cost of acquisition thereof.<sup>17</sup>

(2) The valuation made under sub-section (1) shall continue to remain in force so long as the land is not developed or remains in the process of development and is not in anyway disposed of.

(3) After the land has been developed or plots begin to be sold out or allotted, the plots sold out shall be assessable to property tax on the basis of sale price, and the portion under roads and other public conveniences shall cease to be assessed to tax.

(4) The portion of land comprising of unsold or unallotted plots and excluding the sold out plots and the area under roads and public conveniences shall continue to be assessed at the acquisition cost for a maximum period of five years from the date on which the development work has been completed or for one year from the date from which the plots began to be sold or allotted, whichever period is less. On expiry of any of the above periods, the plots may be revalued and assessed on the basis of the sale price of similar plots allotted or sold by the land-owning authority.

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<sup>16</sup>Del. 116(2); Cal. 168(2); Hyd. 212(2).

<sup>17</sup>Cal. S. 169.



*Explanation* : For the purposes of this section, the cost of acquisition means:

- (a) In case of any land or buildings acquired under the Land Acquisition Act, the value of such land as determined by the Land Acquisition Collector or by the Tribunal or by the Court of Appeal, if an appeal is preferred by any of the parties;
- (b) In the case of any land or building acquired by private treaty, the actual purchase price paid for such land or building; or
- (c) In the case of any land or building taken for an improvement scheme under any other Act for the time being in force, such amount as may be determined under the said Act.

### **23. Assessment of Land in Private Colonies**

(1) In case of colonies laid out by private persons, the entire piece of land taken up for colonisation shall be assessed at not less than 5 per cent of its purchase price or, if that price be not known, at the market price of that land in an undeveloped state.<sup>18</sup>

(2) After the land has been developed or divided with plots or in any manner disposed of, the area under roads, open spaces and public conveniences shall be excluded from assessment, if handed over to the municipal corporation and the rest of the plots will be assessed at market value.

### **24. Assessment of Lands on which Building is Prohibited**

Parcels of land other than agricultural land, on which construction cannot be made on any of the following grounds, *viz*;

- (i) that the layout plan has not been approved of by the civic body having jurisdiction in the area;
- (ii) that the construction on the said portion of the land shall be against the approved layout plan;
- (iii) that services have not been provided to the satisfaction of the said civic body;
- (iv) that construction has not been allowed for any reason by the said civic body.

Shall be valued on the basis of market value of undeveloped land in the same locality and not less than 5 per cent.

## 25. Non-admissibility of Remission

Notwithstanding anything contained in this Act, when any land or portion of land is assessed and its annual value determined in accordance with the provisions of this Act, no remission or refund of property tax assessed in respect of such land shall be admissible on the ground that it remained vacant or unoccupied.

## 26. Assessment of Bastis\*

The land contained within a bastee and the huts standing on it shall be valued separately for the purposes of assessment of property tax, in accordance with the rules made on the subject.<sup>19</sup>

### NOTE

(New) In order to take advantage of the site valuation system.

## 27. Assessment of Mines

The gross annual rent of mines, clay-pits and quarries shall be equal to 5 per cent of the capital value of any structure or plant put up at the site together with the rent of the surface land and the royalty or other amount paid for securing the rights to quarry.<sup>20</sup>

## 28. Assessment of Race Course

Race courses may be valued on profit basis, *i.e.*, on the basis of profits which are made or are capable of being made out of the premises. For this purpose, the gross receipts for the year concluded last before making of assessment shall first be ascertained. The expenses of earning those profits be deducted and an amount equal to  $17\frac{1}{2}$  per cent of the capital invested by the tenant in the business, by way of his profits, shall be deducted from the gross profits and the balance will be treated as the gross annual

\*Bastee means an area containing land occupied by or for the purposes of any collection of huts standing on a plot of land not less than 700 square meters in area.

<sup>19</sup>Cal. CMA S. 173 & 15(10).

<sup>20</sup>Output method.

rent of the premises for purposes of assessment of property taxes.<sup>21</sup>

## 29. Machinery, etc.

(1) The value of the following items where provided by the landlord or any lessor shall be included in the value of lands and buildings for purposes of assessment to property taxes:

- (i) Plant or machinery enumerated in Schedule I;
- (ii) All fixtures including lift, electric, water, gas and sanitary fittings;
- (iii) Bath tubs, lavatories, geysers;
- (iv) Booster pump for water supply;
- (v) Water storage tanks;
- (vi) All other fittings and appliances which add to the convenience of the building and which would pass as landlords fixtures in a demise of the premises.

\*(2) The value of the following items situated in or upon the premises shall not be taken into account:

- (i) Machinery other than that mentioned in Schedule I;
- (ii) Any machinery plant or fixture belonging to the tenant;
- (iii) Any furniture.

### NOTE

Some of the Mpl. Acts exempt machinery altogether, e.g., Bombay Mpl. Corporation Act [S. 154(2)]; Madras Mpl. Corporation Act. [S. 100(2)(b)]; U.P. Nagar Mahapalika Act (S. 174). Some of the acts lay down that such machinery shall be rateable as may be notified by the Commissioner with the approval of the Standing Committee [e.g. Delhi 116(3)]; Bombay Provincial Mpl. Corporation Act [Rule 7(2)], Hyderabad Corporation Act. [S. 212(3)];

It may be mentioned that rule 7(2) of the Rules contained in Bombay Provincial Mpl. Corporation Act has been declared to be *ultra vires* by the Supreme Court of India on the ground that the Act authorises levy of tax on lands and buildings alone and not on machinery and that the Commissioner could not be given arbitrary powers to declare any machinery liable to tax.

The provisions of Calcutta Mpl. Corporation Act in this respect are quite reasonable and do not suffer from the weaknesses pointed out by

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<sup>21</sup>The application of Profits method has been approved by the Supreme Court of India in Municipal Corporation of Greater Bombay Vs. Royal Western India Turf Co. AIR (1968) SC 425.

\* Cal S. 168(4) (II)

the Supreme Court in case of the Bombay Provincial Act. Accordingly, the provisions of the Calcutta Act have been adopted. The valuation of fixtures, etc., is supported by, a series of rulings of the various high courts.

### 30. Taxes, Service Charges, Hire, etc.

If the actual rent of a property as fixed by competent authority under the provisions of relevant rent Act or as mutually agreed upon and accepted for purposes of valuation, includes the charges for water, electric supply, scavenging, hire of furniture or service charges for the lift deductions shall be allowed from the gross rent as below:

- (i) *Water charges*: An amount equal to the water tax leviable on the premises, if actually levied or if charges are paid by meter measurement.<sup>22</sup>
- (ii) *Conservancy*: The amount of conservancy tax leviable on the premises.<sup>23</sup>
- (iii) *Furniture*: Amount equal to 10 per cent of the estimated depreciated value of furniture supplied by the landlord.<sup>24</sup>
- (iv) *Lift*: A reasonable amount to cover cost of repairs to; maintenance of and attendance on the lift.<sup>25</sup>

### 31. Income from Advertisements

The amount of annual rent or charges for the display of commercial advertisements on the walls of a building or on hoardings erected on any building or land shall, after deducting the amount of tax paid for such advertisements, be deserved to be a part of the gross annual rent of such buildings or land.

#### NOTE

Proviso to clause (b) of sub-section (2) of section 100 of the Madras Corporation Act directs that such income be ignored, but there is a ruling of Bombay High Court whereby the addition of such income has been upheld. Hence provided accordingly.

**32.** In assessing the capital cost of a building, the assessing authority shall be guided by the schedule of plinth area rates,

<sup>22</sup> <sup>23</sup> Del. S. 116(1) Prov.

<sup>24</sup> Punjab Mpl. Act section 3(1)

<sup>25</sup> Cal. 168 (4) (ii).

schedule of depreciation rates and other schedules of rates used from time to time for preparation of estimates of such buildings by Public Works Department of the State Government concerned.

**33.** The Municipality may with the previous approval of the State Government frame rules or any matter of detail in the administration of the provision of this Act.

## CHAPTER III

# PROCEDURE OF ASSESSMENT

### 34. Division of Municipal Area into Wards

The area in the jurisdiction of the Corporation shall be divided into a convenient number of wards.

The wards shall be bound by main roads, railway line, river, main nallahs or other natural and conspicuous boundaries.

### 35. Numbering of Properties: Lands and Buildings

(1) A rational scheme of numbering shall be adopted by the Commissioner.

(2) All properties in the wards shall be numbered according to the scheme, which shall also be shown on a site plan.

(3) The numbers allotted to buildings shall be affixed to such buildings at the main gate or near it on the front side of the building on a metal plate or otherwise inscribed on the building with indelible ink or paint.

(4) In case of plots and parcels of unbuilt over land, the owners shall provide a stone or a masonry pillar on the boundary of the plot and the number shall be painted on one of the boundary pillars.

(5) No person shall efface, alter or remove the number affixed on the property by the Corporation.

### 36. Preparation of Register of City-properties

(1) All properties in the ward shall be entered in a register of city properties containing the following columns:

- (a) Serial number.
- (b) Description of property.
- (c) Boundaries of the property starting with the road or street having the main entrance to the property.
- (d) Total area of land comprised therein.

- (e) Number of stories on date of registration.
- (f) Use of the property.
- (g) Name of owner on date of registration.
- (h) Name of occupier/occupiers on the date of registration.

(2) The register shall be maintained in separate volumes for separate wards.

(3) The register shall be checked by senior officer appointed by the Commissioner who shall certify that no property has been omitted and that the properties have been correctly entered.

### **37. Publication of the Register of City Properties**

After the city property register has been completed a public notice will be issued and the register shall be kept open to public inspection free of charge for a period of two months from the date of notice and on payment of a fee of rupee one thereafter.

### **38. Amendment of the City Property Register**

(1) Any objection received against any of the entries at any time shall be duly entertained and investigated by an officer authorised by the Commissioner and decided on the basis of site inspection and record.

(2) In case of disputed ownership, suitable note shall be given in the remarks column and the entry shall be subject to amendment in the light of decision of the dispute by the court or otherwise.

(3) Changes of ownership and other changes notified to the Commissioner from time to time by the owner shall be recorded after verification to maintain the register up-to-date.

(4) In case of sub-division of property sub-numbers shall be allotted.

### **39. General Revision of Numbering**

(1) Except as provided in section 4, the number allotted to a property shall not be changed till the next general revision of numbering.

(2) A general revision of numbering may not be done till a period of at least ten years has expired from the date of last general revision.

Provided that on the introduction of these rules for the first time, and in the year immediately preceding the Census operations in the country, a general revision of numbering may be done if a minimum period of five years has expired from the date of last numbering.

At present there are some provisions in the municipal acts for numbering of houses which is an obligatory duty of the Corporations but the provisions are scanty and are not correlated to assessment of houses.

Numbering and registration of properties is a very important check against evasion of assessment both against escaped assessment and under-assessment.

As the list of properties shall be prepared by a different set of people quite disinterested in assessment it will afford a counter-check on the assessment list.

The particulars available in the numbering register such as total area of land, number of storeys, number of tenements, description of building, use, etc., will afford very good material for checking under-assessment on the table even without detailed site inspection. This will be of great help to the higher supervisory staff as an instrument for cross-checking from records.

There are at present many cases of heavy under-assessments and escaped assessment. A proper numbering register will enable higher supervisory staff to identify most of such cases on a comparison of the assessment list and the property register and such selected cases can be subsequently checked at site. The total number of demands can also be watched against total number of properties in the properties register to effectively check the cases of escaped assessment.

#### **40. Returns for Purposes of Valuation**

(1) The Commissioner may by written notice require the owner of any land or building to furnish within a fortnight after the service of the notice return of:

- (i) The number of rooms and tenements on each floor and other portions of the building with their detailed measurements;
- (ii) Total area comprised in the property, open and covered portions;
- (iii) Names of tenants;
- (iv) Rates of rent;
- (v) The purchase price of land, and/or building if purchased by him, with year of purchase;
- (vi) The year of construction and the cost of construction of the building if constructed by him.



(2) The occupiers of a building may also be so required to furnish returns of measurements of the building or portions thereof rented to them, the rent paid, the name and address of the owner of the building, the names of sub-tenants if any and the rents charged from each.

(3) The owner or occupier of any building or part of a building used as a public cinema house, or theatre or a place of public resort, recreation or amusement, may be required by written notice to furnish within a fortnight after the service of the notice, the following returns; in respect of the said building:

- (i) Gross annual receipts from sale of admission tickets.
- (ii) Taxes paid on sale of admission tickets.
- (iii) Receipts from rent and advertisements.

(4) The owners or Managers of Race Courses and such other hereditaments assessed on profits basis, may be required by written notice to furnish within 15 days return as to receipts and payments and other facts and figures in order to determine the amount of net profits on which the annual value is to be determined according to terms of section 28.

(5) The Head of a Government Department/Manager/Director of a public utility concern or a semi-Government Department or a statutory body may be required by the Commissioner by written notice to furnish within 30 days the following particulars in respect of the properties of their departments:

- (i) Cost of land.
- (ii) Cost of construction of the building including cost of development and improvements.
- (iii) The plan of the building alongwith the site plan.
- (iv) Any other particulars or specified details necessary for determination of the value of such lands or buildings.

(6) Every owner and occupier, Manager or other person on whom such requisition is made shall be bound to comply with the same and to make a true return to the best of his knowledge and belief.

(7) Whoever omits to comply with any such requisition or fails to give true information or to make a true return to the best of his knowledge or belief shall in addition to any penalty to which he may be liable, be precluded from objecting to any assessment made by the Commissioner in respect of such building or land of which he is the owner or occupier.

#### 41. Power to Inspect

The Commissioner or any person authorised by him in this behalf may enter into or upon any premises in order to make an inspection, survey, measurement, valuation, or inquiry for purposes of assessment or property taxes;

Provided that:

Entry shall be made after giving at least 24 hours notice to the occupier.

Entries may be made without notice with the consent of the occupier.

Before making entry, time shall be given to female occupants to withdraw to some other part of the building.

Due regard shall be had to the social and religious usages of the occupants of the premises.

No person shall obstruct the Commissioner or the person authorised by him to make inspection under this section.

#### 42. Notice of Transfer of Premises

(1) Whenever the title of any person to or over any land or buildings is transferred, the person whose title is so transferred and the person to whom the same is transferred shall give notice of such transfer in writing to the Commissioner in a form prescribed by him within a period of three months which shall be counted as below:

- (i) If an instrument of transfer is executed and registered from the date of registration of the instrument.
- (ii) If an instrument is executed but not registered from the date of execution of the instrument.
- (iii) If no instrument is executed from the date the transfer takes effect.

(2) In the event of death of the owner of a property, the person on whom the title of the deceased devolves shall give notice of such devolution to the Commissioner within six months from the date of death of the deceased.

(3) On receipt of the notice, the Commissioner may require the production of the instrument of transfer, if any, or of a copy thereof obtained under section 57 of the Indian Registration Act 1908, or other documents evidencing the transfer or devolution,

and the person giving the notice shall be found to produce the same as required.<sup>1</sup>

#### **43. Liability for Taxes on Failure to Give Notice**

(1) Every person who fails to give notice of transfer of title as to or over a property, in accordance with the provisions of sections 9 and 10 or who fails to produce the documents evidencing the transfer within a month of his being required to do so, shall in addition to any penalty subject under provisions of this Act, continue liable for the payment of all property taxes from time to time payable in respect of the said premises until he gives such notice and the transfer shall have been recorded in the municipal records.

(2) Nothing in this section shall be held to diminish the liability of the transferee for the payment of the said property taxes.

#### **44. Recording of Transfers of Titles**

The Commissioner shall record every transfer or devolution of title notified to him under section 10 in the Assessment List and other registers.<sup>2</sup>

#### **45. Registrar to Supply Information**

(1) On a written request by the Commissioner, the Registrar or sub-Registrar of the Municipal area concerned appointed under the Indian Registration Act 1908, shall furnish such particulars regarding the registration of instruments of transfer of immovable properties in the municipal area, as the Commissioner may from time to time require.

(2) Such information shall be furnished as soon as may be after the registration of an instrument of transfer is affected, or if the Commissioner so requests, by periodical returns at such intervals as the Commissioner may fix.<sup>3</sup>

#### **46. Notice to be Given of Changes at Site**

(1) The owner of land or building shall give notice to the

<sup>1</sup>Bom. S. 149; Del. S. 128(1) & (2) & (3).

<sup>2</sup>Del. 128(5)

<sup>3</sup>Del. 128(6) & (7) Del. 128(4); Bom. 151.

Commissioner of the following events within the period specified against each:

- |  |  |
|--|--|
| (i) When a new building is erected, or an existing building is re-erected or enlarged or altered | Within 15 days of the completion of the building or occupation or its re-erection or enlargement whichever is earlier. |
| (ii) When a building which has been vacant is re-occupied.                                       | Within 15 days from the date of its re-occupation.   |
| (iii) When a building or part thereof is demolished or removed.                                  | Within 15 days from the date of removal or demolition.   |

(2) Until notice of demolition or removal of a building is given, the person concerned shall continue to be liable to pay property taxes as he would have been liable to pay in respect of such building if the same or any portion thereof had not been demolished or removed.

(3) A notice of removal or demolition of a building will not be required in case of buildings demolished or removed by order of the Commissioner.

#### 47. Liability for Payment of Property Tax

Property taxes shall be leviable primarily as follows:

- |  |  |
|--|--|
| (a) if the premises are let  | from the lessor.   |
| (b) if the premises are sublet   | from the immediate lessor.                                   |
| (c) if the premises are unlet  | from the person in whom the right to let the premises vests. |
| (d) if the occupier holds the premises immediately from the Government or from the Corporation except as a servant of the Government or Corporation. | from the actual occupier of the premises.                    |
| (e) if the occupier of a building vested in the Government or the  | from the Government or the Corporation as                    |

- Corporation is a servant of the Government or the Corporation\* the case may be.
- (f) if the land has been let for any term exceeding one year to a tenant and such tenant or any person deriving title from such tenant has built upon the land a pucca or semi-permanent structure. from such tenant or such person who has built upon the land.
- (g) if the building erected by a tenant or other person deriving title from the said tenant is one of a temporary nature or is unauthorised. from the person in whom the right to let the land vests.

#### NOTE

The Commissioner will decide whether a structure is pucca, semi-permanent or temporary and his decision shall be final.

### 48. Property Taxes to be First Charged on Property

(1) Property taxes due under this Act in respect of any building or land shall, subject to the prior payment of land revenue, if any, due to the State Government thereupon, be a first charge upon the said building or land and upon the movable property, if any, found within or upon such building or land and belonging to the person liable for such taxes.

(2) In case of any building or land held immediately on lease from Central or State Government or a Statutory authority the property taxes shall be first charge upon the interest in such building or land of the person liable to pay such taxes and on the movable property of that person found on the said land or building [Bom. Pro. 139(2)].

(3) If a building is occupied and the occupier fails to give the name and address of the owner or, in the case of sub-letting of immediately superior lessor then the occupier shall himself be primarily liable for payment of the property taxes.

(4) If a building is unoccupied or a plot of land is lying vacant and the name of the owner is not known, then it shall be sufficient

to designate the owner in the assessment book as 'the owner'.\*

(5) The person primarily liable for payment of property taxes shall be known as 'tax-payer' and save as otherwise expressly provided herein the owner of the property shall always be included in the term 'the tax-payer'.

#### 49. Assessment Book

(1) The Commissioner shall keep a book to be called 'the assessment book' in which the following particulars about all the buildings and lands in the jurisdiction of the Corporation shall be entered:

- (a) The number allotted to the premises in City Property Register.
- (b) Street or locality in which situated.
- (c) The description of the premises.
- (d) No. of water connections if fitted to the building.
- (e) Rateable value as decided for the year immediately preceding the year for which the assessment book is prepared.
- (f) Rateable value as proposed for the year for which the book is prepared.
- (g) If the property is exempt from payment of any of the taxes and reasons for it.
- (h) If the property is liable to higher rate of any of the taxes and reasons for it.
- (i) Rateable value fixed after hearing of objections.
- (j) Any amendment made about exemption or higher rate as a result of hearing of objection.
- (k) Rateable value decided by the court if an appeal is filed.
- (l) Any amendment made by the court regarding exemption or higher rate.
- (m) Amount of taxes payable for the year.
  - (i) General Property tax.
  - (ii) Water tax
  - (iii) Conservancy tax.
- (n) Any other particulars considered necessary by the Commissioner in this connection.

(2) Col. (i) & (j) shall be filled in after the objections have been heard.

Col. (k) & (l) will be filled in after any case taken to court is decided.

Col. (m) will be filled in after the rates of taxes and the rateable values of all buildings have been decided.

(3) As far as possible the lands and buildings will be entered in the register in the order in which they are entered in the City Property Register.

(4) The Assessment Book shall be made in separate parts for each ward called 'Ward Assessment Books'.

The Ward Assessment books may be prepared in such number of volumes as the Commissioner may determine.\*

(5) The volumes of the Ward Assessment Books shall collectively constitute the 'Assessment Book'.

#### **50. Public Notice to be Given of the Completion of Assessment Book**

(1) When the entries required by clauses (a) to (h) of section 17 have been completed, as far as practicable, in any ward assessment book the Commissioner shall give public notice thereof and of the place where the ward assessment books or a copy thereof and of the place where the ward assessment book or a copy of it may be inspected.†

(2) Such public notice shall be given by advertisement in local newspapers and also by posting placards in conspicuous places throughout the ward.

#### **51. Assessment Book to be Kept Open for Inspection**

(1) Every person who claims to be the owner or occupier of some premises entered in the assessment book or the agent of any such owner or occupier shall be permitted, free of charge, to inspect and to take extracts from any portion of the said book.‡

(2) Any person not entitled under sub-rule (1) to inspect and

\* Bom. Pro. R. 10.

† Bom. Pro. R. 13.

‡ Bom. Pro. R. 14.

take extracts from any portion of the assessment book free of charge shall be permitted to do so on payment of such fee as shall from time to time be prescribed in this behalf by the Commissioner with the approval of the Standing Committee.

## **52. Time for Filing Objections Against Valuations to be Publicly Announced**

The Commissioner shall, at the time and in the manner fixed in section 50 give public notice of a day not being less than thirty days from the publication of such notice on or before which objections against the amount of any rateable value entered in the ward assessment book will be received in his office.\*

## **53. Individual Notices to be Given in Certain Cases.**

In every case in which any premises have for the first time been entered in the assessment book as liable to the payment of property taxes, or in which the rateable value of any premises has been increased, the Commissioner shall as soon as conveniently may be after the issue of the public notice under section 20 give a special written notice to the owner or occupier of the said premises specifying the nature of such entry and informing him that any objection against the same will be received in his office any time within 30 days from the service of the notice.†

## **54. Time and Manner of Filing Objections Against Valuation**

(1) Every objection against the amount of any rateable value entered in the assessment book or against the treatment of any building or land as liable to be assessed to the general tax must be made by written application to the Commissioner, which shall be left at his office on or before the day fixed in this behalf in the notice and acknowledgement obtained.‡

(2) Every such application shall set forth briefly but fully the grounds on which the valuation is complained against.

\* Bom. Pro. R. 15(1).

† Bom. Pro. R. 15(2).

‡ Bom. Pro. R. 16.



## 55. Notice of the Date of Hearing

The Commissioner shall cause all objections so received to be registered in a book to be kept for the purpose and shall give notice, in writing, to each person filing the objection, of the day, time and place when and where at his objections will be investigated.\*

## 56. Hearing of Objections

(1) At the time and place so fixed, the Commissioner or an officer authorised by him in this behalf shall investigate and dispose of the objections in the presence of the complainant, if he shall appear, and if not in his absence.†

(2) For reasonable cause the Commissioner may from time to time adjourn the investigation.

(3) The Commissioner or the officer authorised by him to hear objections, shall record an order in writing in each case, wherein he shall discuss each of the objections raised in the written complaint and those made verbally at the time of hearing and the proof adduced in support of the same, if any, and shall then give his reasons for accepting or rejecting the objections.

(4) When the objections are disposed of the result thereof shall be noted in the book of objections kept under section 55 and any necessary amendment shall be made in accordance with such result in the assessment book.

## 57. Authentication of the List

(1) When all such complaints have been disposed of and the entries required by clause of rule have been completed in the ward assessment book the said book shall be authenticated by the Commissioner who will certify, under his signature that except in the cases in which amendments have been made, no valid objection has been made to the rateable values entered in the said book.‡

\* Bom. Pro. R. 17.

† Bom. Pro. R. 18.

‡ Bom. Pro. R. 19.

(2) Thereupon the said ward assessment book subject to such alterations as may be thereafter be made therein under the provisions of section 56 shall be accepted as conclusive evidence of the amount of each property tax leviable on each building and land in the ward in the year to which the book relates. (Bom. Pro. 19)

### 58. Amendment of the Assessment Book

The Commissioner may, at any time, amend the assessment list:

- (a) by inserting the name of any person as primarily liable to the payment of property taxes, and striking out the name of any person not so liable in consequence of a transfer of title notified to him under section 42.\*
- (b) by rectifying an existing entry in any column relating to any building or land which was made by clerical or arithmetical error or by mistake in copying or by any other type of mistake, or
- (c) by inserting therein any entry relating to a land or building which was previously omitted by mistake accident or fraud, or
- (d) by inserting or altering an entry in respect of a building erected, re-erected, altered or added to, or a plot of land carved out after the preparation of the assessment list, or
- (e) by increasing or reducing the amount of rateable value of any land or building erroneously valued or assessed through mistake, accident or fraud. Provided that:
  - (i) A correction under clauses (a) and (b) shall be made only after the Commissioner or an officer authorised by him has recorded a reasoned order directing that such a correction be made. The number and date of such order shall be quoted in the assessment book and the correction shall be attested by the Commissioner or the officer authorised by him.
  - (ii) A correction under clauses (c), (d) a (e) shall be made only after giving 30 days notice to the person primarily responsible for the payment of the tax, and after hearing of objections which may be made, in the manner provided in sections 53 to 56.

- (iii) No person shall by reason of any such amendment become liable to pay any tax or increase of tax in respect of any period prior to the commencement of the year in which notice of the amendment proposed to be made is given.

## 59. Preparation of a New Assessment List

It shall be in the discretion of the Commissioner to prepare for the whole or any part of the Corporation area a new assessment list in any year or to adopt the rateable values contained in the list for any year, with such alterations as may in particular cases be deemed necessary, as the rateable values for the year following giving the same public notice as well as individual notices to persons affected by such alterations of the rateable values, as if a new assessment list had been prepared.\*

Provided that a general revision of the assessment books shall be made by the Commissioner at least once in five years and for this purpose the Commissioner may, with the approval of the Corporation, arrange the territorial division of the city in such groups as may be considered necessary and revise the assessment books relating to each such group by rotation once in five years.†

## 60. Appeal When and to Whom

(1) Appeal against any rateable value or tax fixed under this Act shall be heard and determined by the judge.

(2) No such appeal shall be heard unless:

- (a) the appeal is brought: (i) within 30 days next after the date of authentication of the Assessment List under section 57, or (ii) within 30 days of the date on which an amendment is finally made under section 58, if made in the presence of the assessee, or (iii) within 30 days from the date of receipt of intimation by him of the amendment under section 58 if made in his absence, or (iv) if no intimation of the levy or increase in assessment made in his absence under section 58 was sent to him, then

\* Bom. Pro. R. 21.

† Mad. Taxation Rules 1-D.

within 30 days from the date of receipt of the first bill of notice of demand at the proposed rate.

This period of 30 days will be exclusive of the time requisite for obtaining a copy of the relevant entries and the order of assessment.

Provided that an appeal may be admitted after the expiration of the period prescribed therefor by this section if the appellant satisfied the court that he had sufficient cause for not preferring the appeal within that period.\*

- (b) in the case of an appeal against the amount of a tax, or in the case of an appeal made against the rateable value after a bill for any property tax assessed upon such value has been issued to the appellant, the amount claimed from the appellant has been deposited by him with the Commissioner.

## 61. Arbitration

Where any appeal against rateable value is pending and the parties interested agree that any matter in difference between them be referred to Arbitration, they may apply in writing to the Judge for an order or reference on such matter and on such application being made the provisions of the Arbitration Act, 1940 relating to Arbitration in suits shall apply to such applications and the proceedings to follow thereon as if the judge were a court within the meaning of that Act and the application were an application made in a suit.†

## 62. Appointment of Valuer

If a party to an appeal against a rateable value makes an application to the judge, before evidence as to value has been adduced, to direct a valuation of any premises in relation to which the appeal is made, the judge may appoint a competent person to make valuation.‡

- (2) The cost incurred on valuation shall be cost in appeal

\* Bom. Pro. S. 406 and 407.

† Bom. Pro. S. 408.

‡ Bom. Pro. S. 409.

but shall be payable in the first instance by the applicant.

(3) The person making valuation shall be liable to be called as a witness and any party to the appeal shall be entitled to cross-examine him.

### 63. Reference to High Court

(1) If before or on hearing of an appeal relating to rateable value any question of law or usage having the force of law, or the construction or a document arises the judge may, and on the application of any party to the appeal, shall draw up a statement of the facts of the case and the question so arising and refer the statement with his own opinion for decision of the High Court.\*

(2) On a reference being made under sub-section (1) the subsequent proceedings in the case shall be as nearly as may be in conformity with the rules relating to references to the High Court contained in Order XL VI of the First Schedule to the code of Civil Procedure, 1908.

### 64. Appeal to District Court

Appeal shall lie to the District Court from any decision of the judge in an appeal by which a rateable value in excess of two thousand rupees is fixed.

Provided that no such appeal shall be heard by the District Court unless filed within one month from the date of decision of the judgement.†

### 65. Cost in Appeal

The cost of all proceedings in appeal including those in arbitration and of valuation shall be payable by such parties in such proportion as the judge shall direct and the amount thereof shall, if necessary, be recoverable as if the same were due under a decree of a court of small causes under the Provincial Small Causes Courts Act, 1887.‡

\* Bom. Pro. 410 A. Del.

† Bom. Pro. S. 410.

‡ Bom. Pro. S. 412

## 66. Finality of the Decision

Every rateable value fixed under this Act against which no complaint is made as herein before provided, and the decision of the judge aforesaid, if no appeal is made, and the decision of the District Court in such appeal shall be final\*.

Effect shall be given by the Commissioner to every decision of the said judge on any appeal against any such value.

\* Bom. Pro. S. 413.

## SCHEDULE I

**Parts of Combination of Plant and Machinery in Certain Cases not to be Excluded in Calculation of the Value of any Land or Building.**

*(See Section 168(3))*

The following parts of a plant or a combination of plant and machinery whenever and only to such extent as any such part is or is in the nature of, a building or structure :

Acid Concentrators;  
Bins and Hoppers;  
Blast Furnaces;  
Burners, Furnaces, Kilns, Ovens and Stores.

Chambers for :

Absorption of gases or fumes;  
Spraying;  
Bleaching;  
Chemical Reaction;  
Conditioning or Treatment;  
Cooling;  
Drying;  
Dust or Fume Collecting;  
Fibre separation (Wool Carbonising),  
Fuming;  
Impregnating;  
Refrigerating;  
Regenerating;  
Sand blasting;  
Sterilising;  
Sulphuric Acid;  
Chimneys;  
Coking Ovens;  
Condenser and Scrubbers;

Acid;  
 Alkali;  
 Gas;  
 Oil;  
 Tar;  
 Conveyor Gantries;  
 Cooling Ponds;  
 Crane Gantries;  
 Cupolas;  
 Economisers;  
 Evaporators;  
 (Schedule X : Parts or combination of plant and machinery  
 in certain cases not to be excluded in calculating the value  
 of any land or building).  
 Fan Drifts;  
 Floating Docks and pontoons, with any Bridge or Gangways  
 not of a temporary nature used in connection therewith;  
 Flues;  
 Flumes and Conduits;  
 Foundations, Settings, Gantries, Supports, Platforms and  
 Stagings for plant and machinery.

Gas:

Holders;  
 Producers and Generators;  
 Purifiers and cleaners.

Headgears:

Mine, Quarry and Pit;  
 Hydraulic Accumulators;  
 Well.

Pits, Beds and Bays:

Casting;  
 Cooling;  
 Drop;  
 Inspecting or testing;



Liming, Soaking, Tanning or other treatment;  
Settling;  
Racks;  
Refuse Destructors and Incinerators;  
Retorts.

Ship Construction and Repair:

Slipways;  
Uprights;  
Cradles;  
Grids;  
Silos;  
Stages, Staithes and Platforms for loading, unloading and  
handling material;  
Stills;  
Superheaters;  
Tanks.

Towers for:

Absorption of gases or fumes;  
Chemical Reaction;  
Cooling;  
Oil Refining and Condensing Treatment;  
Water;  
Transporters Gantries;  
Transversers and Turntables;  
Vats;  
Weighbridges;  
Windmills;  
Wireless Masts.

[Cal. Sc. 168(3) & Schedule X].

## ANNEXURE

# PROPERTY TAXES AND ANNUAL VALUE

### I. The Madras City Municipal Act, 1919

#### *Components of Property Tax*

##### *Section 99*

- (a) a tax for general purposes;
- (b) a water and drainage tax for the purpose of defraying the expenses connected with the water and drainage systems of the city. (The Council shall declare what proportion of the tax is levied in respect of water works and the remainder shall be deemed to be levied in respect of drainage works and the proportion so declared shall also be specified in the notice published under sub-section (2) of Section 98-A);
- (c) a lighting tax for the purpose of defraying the expenses connected with the lighting of the city.  
(Aggregate of the percentages fixed for the taxes shall not in the case of any land or building be less than  $15\frac{1}{2}$  per cent or greater than 25 per cent of its annual value).

##### *Section 102*

The rates of property tax may be proportionate to the value of building or land or may advance in systematic progression with the value but shall in no case decrease as the value of the building or land increases. When a progression rate has been adopted the Council shall prescribe the principles of classification and the precise number and limit of each class.

##### *Section 102*

- (c) in the case of lands and buildings vested in the trustees of the port of Madras the property tax leviable in any year shall not exceed four per cent of the gross earnings made by the Port Trust in that year.

## *Definition of Annual Value*

### *Section 99*

- (3) For the purpose of assessing the property tax the annual value of any building or land shall be determined by the Commissioner; provided that the annual value of any building or land the tax for which is payable by the Commissioner shall be determined by the Mayor.

### *Section 100(2)*

The annual value of lands and buildings shall be deemed to be the gross annual rent at which they may (at the time of assessment) reasonably be expected to let from month to month or from year to year (less a deduction, in the case of buildings, of ten per cent of that portion of such annual rent which is attributable to the buildings alone, apart from their sites and the adjacent lands occupied as an appurtenance thereto, and the said deduction shall be in lieu of all allowance for repairs or on any other account whatever provided that:

- (a) in the case of:
- (i) a government or railway building; or
  - (ii) any building of a class not ordinarily let the gross annual rent of which cannot in the opinion of the Commissioner be estimated the annual value of the premises shall be deemed to be six per cent of the total of the estimated market value of the land at the time of assessment and the estimated cost of erecting the building at such time after deducting for depreciation a reasonable amount which shall in no case be less than ten per cent of such cost, and
- (b) machinery and furniture shall be excluded from valuations under this section.

Provided further that where the annual value of any land or building is attributable partly to the use of such land or building or any portion thereof for the display of any advertisement and tax is levied in respect of such advertisement, the annual value of such land or building for the purpose of assessing the property tax thereon shall be ascertained as if such land/building is not used for the display of such advertisement.

## II. City of Bombay Municipal Corporation Act, 1888

### *Components—*

#### *Section 140*

- (a) water tax of so many per cent of the rateable value as the Corporation may deem reasonable for providing water supply for Greater Bombay (water tax shall be levied only in respect of premises to which a private water supply is furnished from, or which are connected by means of communication-pipes with any municipal water works or which are in areas where notice has been given regarding availability of sufficient water supply from municipal water works. Section 141).
- (b) Halalkhor tax (a halalkhor tax of so many per cent, not exceeding five, of their rateable value as will, in the opinion of the Corporation suffice to provide for the collection, removal and disposal by municipal agency. Minimum amount of such tax to be levied in respect of any one separate holding of land, or of any one building or any one portion of a building which is let as a separate holding, shall be six annas per month and that the amount of such tax to be levied in respect of any hotel, club or other large premises may be specially fixed under Section 172).

(Halalkhor tax shall be levied only in respect of premises in the areas where notice has been given that the collection, removal and disposal of all excrementitious and polluted water privies, urinals and cess-pools will be undertaken by municipal agency, or where they are connected with municipal drain. Section 142)

- (c) General tax (a general tax of not less than eight and not more than seventeen per cent of their rateable value, together with not less than one-eighth and not more than three-quarters per cent of their rateable value added thereto.

#### *Section 169*

A charge by measurement or a periodical lump payment may be substituted for the water tax in cases where the standing

committee shall so direct but in such cases it can also prescribe conditions as to the use of the water. A person who is charged for water by measurement or who has compounded for a fixed periodical sum shall not be liable for payment of the water tax but any sum due on account of water shall be recoverable as if it were on arrear of water tax.

#### *Section 170*

Crown and the port trust to be charged for water by measurement.

#### *Section 171*

Supply of water at public drinking fountains, etc., not to be taxed.

#### *Section 172*

Halalkhor tax may be fixed at special rates in respect of hotel, club, or other large premises. It shall be fixed with reference to the cost or probable cost of the collection, removal and disposal by the agency of municipal halalkhors, of excrementitious and polluted water from the premises.

#### *Section 173*

Water tax or halalkhor tax paid by any person may be recovered by him from the occupier of the premises for which it is paid.

#### *Definition of Annual Value*

#### *Section 154*

In order to fix the rateable value of any building or land assessable to a property tax, there shall be deducted from the amount of the annual rent for which such land or building might reasonably be expected to let from year to year a sum equal to ten per cent of the said annual rent, and the said deduction shall be in lieu of all allowances for repairs or on any other account whatsoever. The value of any machinery contained or situated in or upon any building or land shall not be included in the rateable value of such building or land. In respect of houses constructed by Government of Bombay Housing Board after 1st April, 1957 under the subsidized housing scheme for individual workers or

low income groups the actual rent fixed to be charged will be the basis for assessment.

### III. The Bombay Provincial Municipal Corporations Act, 1949

#### *Components*

#### *Section 129*

- (a) Water tax at such percentage of their rateable value as the corporation shall deem reasonable —  
(Water tax to be levied only in respect of premises to which private water supply is furnished from or which are situated in an area connected by means of communication pipes with municipal water works or where notice has been given by the Commissioner regarding arrangement of water supply from municipal water works—Section 130).
- (b) Conservancy tax at such percentage of their rateable value as will in the opinion of the Corporation suffice to provide for the collection, removal and disposal, by municipal agency and for efficiently maintaining and repairing the municipal drains, subject to the minimum amount for any one separate holding to be eight annas per mensem and that the amount of such tax to be levied in respect of any hotel, club or other large premises may be specially fixed by the Commissioner after getting approval from the Standing Committee. (Conservancy tax shall be levied only in the respect of premises situated in an area where notice has been given regarding collection, removal and disposal to be undertaken by municipal agency, or where connection has been taken with a municipal drain—Section 131).
- (c) General tax of not less than twelve per cent of their rateable value, which may be levied; if the Corporation so determine on a graduated scale.
- (d) Betterment charges leviable in respect of areas under improvement schemes.

#### *Section 133*

State Government properties to pay in lieu of general tax at

8/10ths rate applicable to private persons, etc. Rateable value to be fixed by a person appointed in this behalf by State Government with concurrence of Corporation. The assessment valid for 5 years.

#### *Section 134*

- (1) The Commissioner may in such cases as the Standing Committee shall generally approve, instead of levying the water tax, charge for the water supplied to such premises by measurement at such rate as shall be prescribed by the Standing Committee or by the size of the water connection with the municipal main and the purpose for which the water is supplied shall be prescribed by the Corporation.
- (2) Payment of a fixed periodical sum in lieu of water tax or charge by measurement or by the size of water connection for a renewable term of one or more years not exceeding five years.

#### *Section 135*

Government to be charged for water by measurement.

#### *Section 136*

No tax on public water supply and for personal or domestic purposes but not for business or sale.

#### *Section 137*

Conservancy tax may be fixed at special rates approved by the Standing Committee in respect of any hotel, club, stable or other large premises, premises used solely for public purposes and charitable or religious purposes. The amount in such cases shall be fixed with reference to the cost or probable cost of the collection, removal and disposal of excrementitious and polluted water.

Chapter VIII of Schedule 'A' gives Taxation Rules in respect of maintenance of assessment books (ward-wise if desired) which must be prepared at least once in four years. In between the Commissioner may adopt the entries in the last preceding year with such alterations as he thinks fit. For all changes public notice has to be given for objection within 15 days and in respect

of new assessment or enhancement, special notice to be given to the person liable.

### *Definition of Annual Value*

(1) In order to fix the rateable value of any building or land assessable to a property tax there shall be deducted from the amount of the annual rent for which such land or building might reasonably be expected to let from year to year a sum equal to ten per cent of the said annual rent, and the said deduction shall be in lieu of all allowances for repairs or on any other account whatsoever.

(2) All plant and machinery contained or situated in or upon any building or land and belonging to any of the classes specified from time to time by public notice by the Commissioner, with the approval of the Corporation, shall be deemed to form part of such building or land for the purpose of fixing the rateable value thereof under sub-rule (1) but, save as aforesaid, no account shall be taken of the value of any plant or machinery contained or situated in or upon any such building or land.

(3) A statement setting out clearly the classes of plant and machinery specified from time to time by the Commissioner under sub-rule (2) and describing in detail what plant and machinery falls within each such class shall be prepared by the Commissioner under the directions of the Standing Committee and shall be open to inspection at all reasonable hours by members of the public at the chief municipal office.

## **IV. The Delhi Municipal Corporation Act, 1957**

### *Components—*

#### *Section 114*

- (a) Water tax at such percentage of annual value as the Corporation deem reasonable levied only in respect of land and buildings to which water supply is furnished from or which are connected by means of pipes with municipal water works, and which are situated in a portion which the Commissioner has given public notice



that sufficient water is available from municipal water works for a reasonable supply. Section 115.

- (b) Scavenging tax shall be levied in which there is connection with the municipal drain or which are situated in a portion which the Commissioner has given public notice that the work will be undertaken by municipal agency.
- (c) Fire tax shall be levied wherever general tax is levied. Only exception is the rural area where by public notice regarding rendering fire service is necessary before tax can be levied.
- (d) General tax shall not be more than twenty and less than ten per cent of the rateable value in urban areas.
  - (2) general tax shall be at such lower rates and with effect from such date as may be determined by the Corporation on lands and buildings within the rural areas.
  - (3) where any portion of the land/building is liable to a higher rate of general tax such portion shall be declared to be a separate property for the purpose of municipal taxation. Corporation may fix a higher rate of general tax in respect of lands and buildings in which any particular trade or business is carried on — not exceeding one-half of the rate fixed for other lands and buildings.

### *Section 117-118*

- (1) Charge by measurement in lieu of water tax in certain cases.
- (2) A person who is charged by measurement shall not be liable for payment of water tax but if any dues are there shall be recoverable by the Commissioner as an arrear of water tax.
- (3) Special rates of scavenging tax in certain cases like hotels, clubs and other large premises fixed in with reference to the cost or probable cost of collection, removal and disposal.

### *Definition of Annual Value*

#### *Section 116*

The rateable value of any land or building shall be the annual rent at which such land or building might reasonably be expected

to let less (1) ten per cent for maintenance, insurance and other expenses, (2) water tax or scavenging tax or both if the rent is inclusive of either or both, (3) where standard rent is fixed the rateable value shall not exceed the annual amount of the standard rent so fixed, (4) 5 per cent of the estimated capital value of land which is not built but is capable of being built and of any land on which building is in process of erection, (5) all plants and machinery contained in or situated in or upon land or building shall be deemed to form part of such property for the purpose of determining the rateable value.

## V. The Calcutta Municipal Act, 1951.

### *Components*

#### *Definition of Annual Value*

#### *Section 168*

- (1) For the purpose of assessment to the consolidated rate the annual value of any land or building shall be deemed to be the gross annual rent at which the land or building might at the time of assessment be reasonably expected to let from year to year, less, in the case of a building, an allowance of ten per cent for the cost of repairs and for all other expenses necessary to maintain the building in a state to command such gross rent. If the standard rent has been fixed under the West Bengal Rent Control Act, 1950 the annual value shall not exceed the annual amount of the standard rent so fixed.
- (2) If the gross annual rent of any land *not ordinarily let* cannot be easily estimated, the gross annual rent of the land shall be deemed to be five per cent of the estimated present value of the land.
- (3) If the gross annual rent of a building *not ordinarily let* cannot be easily estimated, the gross annual rent of the building shall be deemed to be five per cent of the value of the building obtained by adding the estimated cost of erecting the building at the time of assessment less a reasonable amount to be deducted on account of depreciation, if any, to the estimated present market value of

the land valued with the building as part of the same premises.

- (4) In the case of a building used as cinema, theatre or recreation and amusement the gross annual rent of the building shall not be deemed to be not exceeding five per cent of the gross annual receipts in respect of the cinema house or theatre or place of public resort, recreation or amusement including receipts from rent and advertisements and sale of admission tickets but excluding taxes on sale of such tickets.

In calculating the value of land or building the value of any plant and machinery except those enumerated in Schedule X shall be excluded but all fixtures which add to the convenience of the building shall be valued subject in case of a lift to such deductions as may be prescribed on account of the costs of repairs and maintenance. The annual value of a bustee shall be deemed to be the gross annual rent at which the land contained within it, except land used for access and lanes, might reasonably be expected to let from year to year, plus the gross annual rent at which the huts erected thereon might reasonably be expected to let from year to year, after deducting therefrom the rent of the land and an allowance of ten per cent for the cost of repairs and for all expenses necessary to maintain such huts in a state to command such gross rent.

#### *Section 169*

Annual value of land or building belonging to the Calcutta Improvement Trust shall be deemed to be five per cent on the cost of acquisition, subject, on application made by the Board, to revision by the State government, and such annual value shall be fixed from the date of the acquisition in each succeeding quarter on the basis of such cost.

### **VI. The Uttar Pradesh Nagar Mahapalika Adhiniyam, 1959.**

#### *Components*

#### *Section 173*

- (b) Water tax — no water tax on land exclusively used for agricultural purposes, or where the unit of assessment is a plot of land/building, as hereafter defined, on any such plot or building of which no part is within a radius to be fixed by rule in this behalf for each city, from the nearest stand-pipe or other water works whereas water is made available to the public by the Mahapalika.
- (c) Drainage tax leviable in areas provided with sewers.
- (d) Conservancy tax, where Mahapalika undertakes removal and disposal of excrementitious and polluted matter from privies, urinals and cesspools. (Aggregate of the property tax, shall in no case be less than 15 per cent and not more than 25 per cent of the annual value).

#### *Section 216*

Mahapalika may consolidate two or more of the property tax but shall apportion the consolidated tax.

#### *Definition of Annual Value*

#### *Section 174*

“Annual Value” means—(a) in the case of railway stations, colleges, schools, hostels, factories and other such buildings, a proportion not below 15 per cent to be fixed by rule made in this behalf of the sum obtained by adding the estimated present cost of erecting the building, less depreciation at the rate to be fixed by rule to the estimated value of the land appurtenant thereto, and (b) in the case of a building or land not falling within the provisions of a clause (a) the gross annual rent for which such building, exclusive of furniture or machinery therein, or such land is actually let, or where the building or land is not let or in the opinion of the assessing authority is let for a sum less than its fair letting value, might reasonably be expected to be let from year to year.

Provided that where the annual value of any building would, by reason of exceptional circumstances, in the opinion of the Mahapalika, be excessive, if calculated in the aforesaid manner, the Mahapalika may fix the annual value at any less amount which appears to be equitable.

Provided further that where the Mahapalika so resolves,

the annual value in the case of owner occupied buildings and land shall for the purposes of assessment of property taxes be deemed to be 25 per cent less than the annual value otherwise determined under this Section.

## VII. The Madhya Pradesh Municipal Corporation Act, 1956

### *Components—*

#### *Section 132*

- (a) property tax on gross annual letting value of land or building or both,
- (b) a latrine a conservancy tax payable by owner or occupier upon private latrines or cesspools or on premises or compounds cleaned by Corporation,
- (c) a general sanitary cess for construction and maintenance of public latrines and disposal of refuse,
- (d) a water tax,
- (e) a lighting rate,
- (f) a drainage tax,
- (g) betterment tax on properties for improvement town planning schemes, and
- (h) a special education tax.

(Government may by notification in the Gazette prescribe maximum and minimum limits about amount or rate of tax).

#### *Section 135(4)*

Corporation may fix rates of property tax rising with different slabs of annual value.

#### *Section 136*

Government to pay in lieu of tax on its properties at 1/10th the rate applicable to private individuals, the annual value being fixed for five years at a time by a person appointed by the Government with concurrence of Corporation.

### *Definition of Annual Value*

#### *Section 138*

- (a) The annual value of land shall be deemed to be the gross

- annual rent at which the land might at the time of assessment reasonable be expected to be let from year to year;
- (b) The annual value of any building shall notwithstanding anything contained in any other law for the time being in force be deemed to be the gross annual rent at which such building, together with its appurtenances and any furniture that may be let for use or enjoyment therewith might reasonable at the time of assessment be expected to be let from year to year, less an allowance of ten per cent for the cost of repairs and for all other expenses necessary to maintain the building in a state to command such gross annual rent;
- (c) When rental value cannot be determined, the annual value shall be five per cent of the estimated market value of land plus the estimated present cost of erecting the building less depreciation as determined by Commissioner (value of machinery to be excluded and when building occupied by owner a lower percentage may be taken of 5 per cent considered excession due to exceptional circumstances.

### **VIII. Kerala Municipal Corporation Act, 1961**

#### *Components*

- (a) a tax for general purposes,
- (b) scavenging tax,
- (c) water and drainage tax for defraying expenses for water supply and drainage, existing or to be provided for. The committee shall declare what portion of tax is levied for water and the remainder for drainage to be duly mentioned in notice imposing tax, and
- (d) lighting tax for defraying expenses for lighting of the city.

(These taxes shall be levied at such percentages of the annual value of building and lands as may be fixed by the Council. But the aggregate of the percentages so fixed shall not in the case of any land or building be less than fifteen per cent or more than twenty five per cent of the annual value).

## *Definition of Annual Value*

### *Section 101(3)*

For the purpose of assessing the property tax the annual value of any building or land shall be determined by the Commissioner. But if the tax is payable by the Commissioner then it shall be determined by the Mayor.

### *Section 102*

Annual value shall be deemed to be the gross annual rent at which they may at the time of assessment reasonably be expected to let from month to month or from year to year a deduction in the case of buildings of the ten per cent of that portion of such annual rent which is attributable to the buildings alone apart from their sites and the adjacent lands occupied as an appurtenances thereto and the said deduction shall be in lieu of all allowances for repairs or on any other account whatsoever; provided that—in case of any government or railway building or any building of a class not ordinarily let, the gross annual rent of which cannot in the opinion of the Commissioner be estimated, the annual value of the premises shall be deemed to be six per cent of the total of the estimated market value of the land and the estimated cost of erecting the building at such time after deducting for depreciation a reasonable amount which shall in no case be less than ten per cent of such cost. Machinery and furniture shall be excluded from valuation.

Where annual value is attributable partly to the use of such land or building or any portion for display of advertisement and tax is levied in respect of such advertisement the annual value for the purpose of assessing property tax shall be ascertained as if such land/building is not used for display of such advertisement.

## **IX. The Hyderabad Municipal Corporation Act, 1955**

### *Components*

#### *Section 199*

- (a) general tax,
- (b) water tax (water tax leviable if connected by communication pipes with Municipal water works or if the notice is

given by the Commissioner that sufficient water is available for all premises Section 200),

- (c) drainage tax,
- (d) lighting tax, and
- (e) conservancy tax (conservancy for leviable if notice has been given by the Commissioner that collection, removal and disposal of excrementitious and polluted will be undertaken by municipal agency or if connected with municipal drain. Section 201).

(Taxes leviable at such percentages of their rateable value as may be fixed by the Corporation provided aggregate percentages shall not be less than 15 per cent or more than 30 per cent. Section 199).

### *Section 203*

Central or State Government to pay in lieu of general tax at full rate on the basis of annual value fixed for 5 years at a time by a person appointed by Central or State Government with concurrence of Corporation.

### *Section 227*

A charge by measurement or a periodical lump payment may be substituted for the water tax.

### *Section 228*

Government to be charged for water by measurement.

### *Section 230*

Special conservancy tax rates based on cost or portable cost for hotels, clubs, stables, premises used for charitable or religious purposes etc.

### *Definition of Annual Value*

#### *Section 212*

To fix the rateable value of any property a sum of ten per cent of the annual rent for which such building or land might reasonably be expected to let from year to year shall be deducted for allowances for repairs, etc.

The rateable value of any vacant land, if not appurtenant to a building, not used for agricultural purposes, not built upon but



capable of being used for buildings, and of land on which a building is in the course of erection shall be fixed at 5 per cent of the estimated capital value of the land. All plant and machinery contained in the premises and specified in public notice from time to time by the Commissioner with the approval of Corporation shall form part of such property.

## X. City of Bangalore Municipal Corporation Act, 1949

### *Components*

- (a) tax for general purposes,
- (b) water tax and sanitary cess for defraying expenses connected with the systems in the city. The Corporation shall declare the portion levied in respect of water works and the remainder for drainage works in public notice, and
- (c) lighting tax for defraying expenses.

(aggregate of the percentages of these taxes shall not in the case of any land or building be less than  $1\frac{1}{2}$  per cent or greater than 16 per cent of its annual value. Section 99).

### *Definition of Annual Value*

#### *Section 99*

For the purposes of assessing the property tax the annual value shall be determined by the Commissioner; provided that if the Commissioner is liable for payment then it shall be determined by the Mayor.

#### *Section 100*

The annual value of lands and buildings be deemed to be the gross annual rent at which they may at the time of assessment reasonable be to let from month to month or from year to year, less a deduction in the case of buildings only of  $16\frac{2}{3}$  per cent of such annual rent and the said deduction shall be in lieu of all allowance for repairs or on any other account (b) For government or railway building, any building of a class not ordinary let, the annual value shall be deemed to be six per cent of the total of the estimated market value of the land at the time of assessment and the estimated cost of erecting the building at such time after

deducting for depreciation amount in no case less than ten per cent of such cost and excluding machinery and furniture from valuation. Revenue from advertisements displayed on the premises to be excluded.

## **XI. The Patna Municipal Corporation Act, 1951**

### *Components*

#### *Section 123*

|     |                   |                         |
|-----|-------------------|-------------------------|
| (a) | a tax on holdings | on annual letting value |
| (b) | water tax         | -do-                    |
| (c) | lighting tax      | -do-                    |
| (d) | latrine tax       | -do-                    |
| (e) | drainage tax      | -do-                    |

### *Definition of Annual Value*

#### *Section 130*

- (1) Save as may be prescribed by rules made by State Government, annual value shall be deemed to be the gross annual rental at which the holding may reasonably be expected to let.
- (2) If on the holding there is a building which is not intended for letting for the residence of the owner himself annual value will be determined subject to rules made by the State government but in no case it should exceed twelve and a half per cent of such cost; in addition to a reasonable ground rent for the land comprised in holding. If the actual cost ascertained exceeds rupees five lakhs the percentage on the annual value to be levied in respect of so much of the cost as is in excess of five lakhs of rupees shall not exceed one-fourth of the percentage determined by the Corporation. Machinery or furniture to be excluded.

# PROCEDURE FOR IMPOSITION OF TAXES

## I. Madras City Municipal Act, 1949

### *Section 98-A*

(1) Before the Council passes any resolution imposing a tax or duty for the first time it shall direct the Commissioner to publish a notice in the official gazette for submission of objections. The Council may, after considering the objections determine by resolution to levy tax or duty. Such resolution shall specify the rate at which, the date from which and the period of levy, if any, for which such tax or duty shall be levied.

(2) When the Council shall have determined to levy any tax or duty for the first time or at a new rate, the Commissioner shall forthwith publish specifying the date from which the rate at which and the period of levy, if any, for which such tax or duty shall be levied.

(3) Any resolution abolishing an existing tax or duty or reducing the rate at which any tax or duty is levied shall not be carried into effect without the sanction of the State government, but such sanction shall not be necessary for a resolution reducing the rate at which property tax is levied provided that such reduction does not contravene the proviso to sub-section (2) of Section 99.

(4) Where any resolution under this section has taken effect for a particular year, no proposal to alter the rates or the date fixed in such resolutions so far as that year is concerned shall be taken into consideration by the Council without the sanction of or a direction from the State Government.

## II. City of Bombay Municipal Corporation Act, 1888

### *Section 128*

The Corporation shall, on or before 31st January, after considering the Standing Committee's proposals, determine the rates at which municipal taxes shall be levied and the articles on which octroi shall be levied in the next ensuing year—subject

to limitations laid in Chapter VIII. The rates and articles so determined shall not be altered during the year except for supplementary taxation under Sections 134 and 196.

*Section 196*

Whenever the Corporation determines under section 134 to have recourse to supplementary taxation, they shall do so by increasing, for the unexpired portion of the said year, the rates at which any tax imposable under this Act is being levied or by adding to the number of articles on which octroi is being levied, but every such increase or addition shall be made subject to the limitations and conditions on which any such tax is imposable.

**III. The Bombay Provincial Municipal Corporation Act, 1949**

*Section 99*

The Corporation shall on or before 20th February, after considering the Standing Committee's proposals, and subject to limitations prescribed in the Act (Chapter XI on Taxation) determine the rates at which compulsory taxes referred to in Section 127(i) shall be levied in the next ensuing financial year— as also the rates and the extent to which discretionary taxes referred to in Section 127(2) which the Corporation may have decided to impose under Section 149.

*Section 149*

In the event of the Corporation deciding to levy any of the Discretionary taxes: (1) it shall make detailed provision, insofar as such provision is not made by the Act, in the form of rules, modifying, amplifying or adding to the rules at the time in force. (2) The rules shall be submitted by the Corporation to the State Government for approval. The State Government may sanction it/refuse it/or ask for modifications,—not, however, involving an increase in the rate of the levy. (3) Any sanction given by the State Government shall become operative on such date not earlier than one month from the date of the sanction as the State Government shall specify in the order of sanction, and the Corporation shall be competent to levy the tax covered by the sanction as from the date so specified. (4) The Corporation and the State Government shall take such steps as may be practicable to ensure the

date specified in the order of sanction is the first day of April, unless the sanction is given in pursuance of a proposal for supplementary taxation. (5) Same provisions shall apply as far as may be, to any alterations which the Corporation may from time to time decide to make in the rates fixed for any tax in the class or classes of persons, articles, or properties liable thereto or in the exemptions therefrom, if any, to be granted.

### *Section 150*

Whenever the Corporation determines under Section 104 to have recourse to supplementary taxation in any official year, any tax imposable under the Act may be increased or newly imposed by way of imposing supplementary taxation.

## **IV. The Delhi Municipal Corporation Act, 1957**

### *Section 109*

On or before the 15th February of each year the Corporation shall determine the rates and cesses to be levied in the next following year. They are not to be altered during the year except for supplementary taxation under Sections 111 and 151.

### *Section 149*

(a) Pass a resolution at a meeting for the levy of Discretionary tax mentioned in Section 113(2) as defining maximum rate, the class of persons or the description of articles and properties to be taxed, system of assessment and expenditure, if any.

(b) Any resolution passed shall be submitted to the Central Government for its sanction and if sanctioned shall come into force on and from such date as may be specified in order of sanction.

(c) The Corporation may pass a second resolution, subject to the maximum rate determining the actual rates at which the tax shall be leviable and the tax shall come into force on the first day of the quarter of the year next following the date on which such second resolution is passed.

(d) For subsequent years rates of taxes will be determined each year under section 109 mentioned above, subject maxima laid down in rules.

*Section 151*

Whenever the Corporation decides to take recourse to supplementary taxation under Section 111—the Corporation may determine the rates from such date as may be determined subject to maxima.

**V. The Calcutta Municipal Act, 1951***Section 127*

The Budget Estimates prepared by the Standing Committee (which include proposals for taxation) shall be laid before the Corporation on 15th February or as soon as possible thereafter. After due consideration the Corporation shall on or before 22nd March adopt the Budget Estimates and determine for the ensuing year, subject to provisions of Part IV (relating to taxation), the levy of consolidated rate and taxes at such rates as are necessary to provide for purposes of the Act. The rates are not to be altered during the year except under Section 129 if budget provisions are found inadequate when it shall incumbent on the Corporation to sanction any measure either to diminish expenditure or have recourse to supplementary taxation, subject to maxima prescribed under the Act. This requires 2/3rds majority of those present.

**VI. The Uttar Pradesh Nagar Mahapalika Adhiniyam, 1959***Section 148*

For compulsory taxes rates are to be determined for the ensuing financial year [Sec. 172(i)] by 15th March, but in the case of indebted Mahapalika by 15th February by the Corporation after considering proposals of the Executive Committee.

*Section 199-200*

For discretionary taxes mentioned in Section 172(2), Mahapalika shall by resolution direct Executive Committee to frame proposals. The Executive Committee after preparing proposals and draft rules gives Public notification and invites objections within two weeks. These are to be considered by the Mahapalika and if modified, they will be again notified for objection. When the proposals and rules are finally settled; submission of final draft to the State Government along with objections and comments.

*Section 201*

Power of State Government to reject, modify or sanction proposals, not involving an increase in the rate of taxes.

*Sections 202-203*

State Government considers draft rules in respect of the tax, makes the rules and sends a copy with the order of sanction to the Mahapalika. Mahapalika by special resolution directs imposition of the tax, with effect from a specific date and sends resolution to the State Government for notification finally in the Gazette.

*Section 204*

Procedure or abolishing for altering same as per imposition.

*Section 225*

Whenever Mahapalika determines to have recourse to supplementary taxation, it can increase a tax for the unexpired position of the year subject to limits prescribed in the Act in respect of compulsory taxes or under rules sanctioned by State Government for other taxes.

**VII. The Madhya Pradesh Municipal Corporation Act, 1956***Section 132*

The State Government may, by notification, prescribe the maximum and minimum limits of rates or amount of tax in respect of property taxes and taxes on vehicles and animals.

*Section 133*

The Corporation may at a special meeting bring forward a resolution to propose the imposition of any tax defining the class of persons or description of property proposed to be taxed, the amount or rate of tax and the system of assessment. Prior approval of State Government required for special education cess or other taxes which the State has power to impose. The resolution is to be notified in the Gazette giving the date on which the tax shall come into force. Notification of the imposition of a tax to be conclusive evidence that the tax has been imposed.

*Section 135*

In fixing the rate of property tax, the Corporation may fix

rates of property tax rising with the different slabs of annual valuation, but rate of tax for any such slab shall be uniform throughout the area of the Corporation.

*Section 97*

Proposals for imposition of taxes in the next financial year to be submitted by Commissioner alongwith Budget proposals to the Standing Committee and the Corporation after considering the same adopt the estimates by 15th February.

*Section 101*

Supplementary taxation if necessary for proportioning the year's income and expenditure, by increasing rates for unexpired portion of the year subject to limits and conditions prescribed.

**VIII. Kerala Municipal Corporation Act, 1961**

*Section 100*

(a) The Corporation may require the Commissioner to publish about Council's intention regarding imposition of a tax fixing at least one month's time for inviting objections, (b) after considering the objections, the Council passes resolution specifying the rate at which and the date from which and the period of levy for which tax or duty shall be levied. Any abolition of existing tax or reduction in rate not to be given effect without the sanction of Government. No alteration in rates for the particular year with the sanction or a direction from the Government.

*Section 162*

Whenever Council determines to have recourse to supplementary taxation it shall do so by increasing the rate for the unexpired portion of the year subject to limits and conditions prescribed.

**IX. The Hyderabad Municipal Corporation Act, 1955**

*Section 198*

Before passing any resolution imposing a tax for the first time or at a new rate the Corporation shall direct the Commissioner to



publish a notice in the Gazette and in local newspapers, regarding its intention to do so giving one month's notice for public objections. After considering the objections shall determine by resolution to levy the tax, specifying rate, date and period of levy. The decision will be notified again by the Commissioner for public information. In the case of indebted Corporations, rates of taxes already levied shall not be reduced without the sanction of the Government.

### *Section 186*

The Corporation shall on or before 20th February, after considering Standing Committee's proposals, determine the rates at which taxes shall be levied in the next ensuing financial year, subject to limitations in Chapter VIII (Municipal Taxation).

### *Section 263*

Whenever the Corporation determines to have recourse to supplementary taxation in any financial year to proportion its income and expenditure (Section 192), they shall do so by increasing the rates of taxes or by adding to the lists of articles for levy of octroi subject to limitation imposed.

## **X. The City of Bangalore Municipal Corporation Act, 1949**

### *Section 98*

(a) Before passing any resolution imposing a tax or duty for the first time, the Corporation shall direct the Commissioner to publish a notice in official gazette and local newspapers, of its intention fixing a reasonable period not being less than one month from the date of publication for submission of objections.

(b) After considering the objections, determine by resolution to levy the tax or duty, and specify the rate and date from which levy will start.

(c) The Commission to notify such rate and date as also any change of rate subsequently.

(d) Abolition or reduction in rates require Government sanction.

(e) No change in rates during a year without the sanction or direction of Government.

## XI. The Patna Municipal Corporation Act, 1951

### *Section 123*

Previous sanction of the State Government is required for imposing a tax.

### *Section 136*

Subject to maximum of  $12\frac{1}{2}$  per cent laid down in section 124, the Corporation determines the rate after calling a report from the Chief Executive Officer and the Standing Committee, at a meeting to be held before the close of the year. The rate will remain in force for the next year unless changed by the Corporation in between—to be effective from next quarter. No decrease in rate without prior sanction of State Government.

### *Section 158*

A tax in respect of vehicle, horse or other animal specified in the First Schedule to be levied at States not exceeding the rates specified therein as may be determined by the Corporation and payable in advance half yearly or if so desired by the owner for full one year.

### *Section 170*

Registration of carts to be made and numbers assigned yearly or half-yearly upon such days as the Chief Executive Officer shall notify not exceeding eight rupees in case it is for full year and four rupees if it is for half a year.

### *Section 177*

Tax on professions, trades and callings shall be on half-yearly basis, subject to maximum prescribed in Second schedule.

### *Section 180*

Town duties to be imposed by the Corporation at such rates as may be approved by the State Government from time to time.

### *Section 188*

The Corporation shall from time to time make and cause to be published an order, with the sanction of the State Government specifying rates at which tolls shall be levied.

As per *Section 186*—Toll not to be levied unless Town Duties also levied.

### *Section 196*

Tax on advertisement to be calculated at such rates and in such manner and subject to such exemptions as the Corporation may, with the approval of the State Government, by resolution determine. Maximum and minimum rates to be laid down by the State Government.

- (3) The Commissioner shall arrange for a survey for the purpose of assessment of each part of the city at least once in five years save for the omission with the previous consent of the Standing Committee of any small areas which might be more conveniently re-assessed in a subsequent year.

### *Section 144*

- (1) Commissioner may ask the owner or occupier to furnish him with information regarding their name and place of abode and measurement for the gross annual rent or revenue or to make a true return to the best of his knowledge or belief.
- (2) Failure to comply or furnishing a return which is not true punishable. Also precluded from objecting the assessment made.

### *Section 145*

- (1) Public notice for inspection of valuation.
- (2) At least thirty days time given for filing complaints against valuation.

### *Section 146*

Special notice to the owner or occupier when valuation made for the first time or when it is increased.

### *Sections 147-148*

Objection filed within time to be considered after personal hearing and assessment finalised.

*Section 149*

Appeal against decision of Commissioner lies with District Court. No appeal unless objection had been preferred. The assessment to have effect pending decision of court subject to adjustment.

*Section 151*

Maintenance of assessment registers as directed by Commissioner.

*Section 152*

Authentication of assessment list by Municipal Commissioner.

*Section 153*

Power of Commissioner to amend assessment list by the inclusion, omission or substitution of any matter—if the correction is other than arithmetical total, thirty days' time to be given by notice to the persons interested for their objections. Nothing shall empower the Commissioner to vary the valuation of any premises determined on appeal to the District Court.

*Section 154*

Owner obliged to give notice regarding increase of rent, when Commissioner amends assessment.

*Section 155*

Notice to be given to the Commissioner of demolition or removal of a building, otherwise liability to tax to continue.

*Section 156*

Failure to give notice or untrue statement punishable apart from loss of right of objecting to assessment by Commissioner.

*Section 157*

Revised valuation due to Court decision of revision by Commissioner under Section 147 to take effect from the quarter in which the first valuation would have taken effect in the same manner and for the same period and subject to the same conditions as the original valuation.

## **XII. Kerala Municipal Corporation Act, 1961**

### *Section 102*

(1) Every building to be assessed together with its site and other adjacent premises occupied as appurtenances.

### *Section 106*

Property tax shall be levied every half-year and shall save as otherwise expressly provided in Schedule II.

Detailed Taxation Rules in Schedule II on the lines of Madras Act.

## **XIII. Hyderabad Municipal Corporation Act, 1955**

### *Section 213*

Commissioner has the power to call for information or returns from owner or occupier or enter and inspect assessable premises.

### *Section 214*

Entries to be made each financial year in the assessment book.

### *Sections 218-219*

Public notification when assessment list has been completed for inspection by public.

### *Sections 220-224*

At least 21 days given for complaints against the amount of rateable value entered in the assessment book. A special written notice to the owner or occupier if it is assessed for the first time or rate is increased and complaint to be received within 15 days. Notice to be given to each complaint regarding time and place for investigation (amendments to be made accordingly). The assessment books have to be authenticated by the Commissioner after the complaints are disposed of and the assessment book then shall be accepted as conclusive evidence of the amount of property tax leviable during the financial year.

### *Sections 225-226*

Amendments can be made by the Commissioner during the

financial year upon the representation of any person concerned or upon any other information. A new assessment book need not be prepared every financial year but at least once in four years.

*Sections 282-289*

Appeal lies before the judge and further to High Court in case of rateable value in excess of rupees two thousands or on point of law.

**XIV. The City of Bangalore Municipal Corporation Act, 1949**

*Section 100*

Every building shall be assessed together with its site and other adjacent premises occupied as appurtenances thereto unless the owner of the building is a different person from the owner of such site or premises.

- (a) Commissioner's power to call for information by giving notice for thirty days increase of government, railway administration or a company and fourteen days otherwise.
- (b) The Commissioner may enter, inspect, survey and measure any building, or land after giving twenty-four hour notice to the owner or occupier.

Detailed Taxation on Rules given in Schedule III on lines of Madras Act.

**XV. The Patna Municipal Corporation Act, 1951**

*Section 131*

Holdings occupied by more than one person may either be treated for the purposes of assessing as one single unit or as separate holdings.

*Section 133*

Preparation of valuation list by Chief Executive Officer.

*Sections 134-135*

Chief Executive Officer may require returns from the owner or occupier for ascertaining annual value and whoever refuses or fails to furnish any such return within a week shall be liable to

a fine not exceeding rupees twenty and to a further daily fine not exceeding rupees five for each day during which he omits to furnish a true and correct return. A person liable to a fine not exceeding one hundred rupees if places obstructions or hindrances for the chief executive officer or any person appointed by him for inspection work.

#### *Sections 137-139*

- (a) Preparation of assessment list by Chief Executive Officer.
- (b) New valuation and assessment list once in five years.
- (c) State government may on the recommendation of the Corporation authorise for preparation of a fresh assessment list in respect of specified area within the Corporation.
- (d) List valid from the date on which the list takes effect and until the first day of the quarter next following the completion of the new list.
- (e) Amendment and alteration possible from time to time by the chief executive officer.
- (f) One month's time to be given to the person concerned in case of alteration so that he can file objections.

#### *Sections 140-141*

- (a) Assessment into separate shares possible in case of holdings sub-divided.
- (b) Amalgamation possible if any holding bearing two or more holdings.

#### *Section 143*

Power to assess upon house consolidated tax for house and land on which it stands when the house belongs to one and the land to another. Total amount of tax payable by the owner who in his turn get the proportionate amount back from the owner of the land.

#### *Section 149*

- (a) Publication of notice of assessment list after signing by the Executive Officer.
- (b) Notice to the owner of the property if assessed for the first time or if assessment is increased.

- (c) Application by the owner if he thinks review of the amount is necessary or if he requires exemption within thirty days of the publication.
- (d) Investigation of objections by the Chief Executive Officer.

*Section 152*

Appeal lies to District Judge within thirty days of the order passed by the Chief Executive Officer, and decision of the judge to be final. Pending of appeal not to affect realisation of dues subject to adjustments in the light of decision by the Court.

*Section 153*

Every valuation made by the Chief Executive Officer shall be final.

*Section 154*

Authentication of assessment list by the chief executive officer when all objections have been disposed of.

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